

Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Bruce W. Stansbury
660 Duvall Lane
Finchville, KY 40022



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
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David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

September 17, 2008

RE: Case No. 2008-00277

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/rg
Enclosure

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Debbie Martin
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

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Shelbyville, KY 40065

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BRUCE WILLIAM STANSBURY)	
)	
COMPLAINANT)	
)	
V.)	CASE NO. 2008-00277
<hr/>		
SHELBY ENERGY COOPERATIVE, INC.)	
)	
DEFENDANT)	

O R D E R

Complainant, Bruce William Stansbury, brought this action against Shelby Energy Cooperative, Inc. ("Shelby Energy") on August 20, 2008,¹ claiming that Shelby Energy: (a) intentionally miscalculated its fuel adjustment clause in July 2007; (b) failed to bill the increase in base energy rates for August through December 2007 resulting in potential harm to consumers; (c) improperly and retroactively accounted for the under-billed adjustment; (d) counted under-billed proceeds twice, resulting in double-counting income and overstating profits; (e) collected more from the under-billed fuel adjustment costs from February through June 2008 than it lost from August through December 2007; (f) did not communicate clearly the under-billed adjustment to its customers and took steps to prevent customers from exercising their legal rights; (g) financially

¹ Mr. Stansbury filed his original complaint in this matter on July 7, 2008. However, on July 29, 2008, the Commission entered an Order requiring him to file a more definite statement of his complaint against Shelby Energy.

damaged customers and impaired Shelby Energy's credit rating and ability to borrow money through mismanagement; and (h) has created billing problems, increased training needs, increased operations and maintenance costs, and increased potential harm to its employees through excessive employee turnover.

Shelby Energy filed its answer to the complaint on September 5, 2008 and moved the Commission to dismiss the complaint with prejudice for failure to state a claim upon which the Commission may grant relief. Defendant admits that it had billing errors in 2007, which resulted in a failure to pass through the East Kentucky Power Cooperative, Inc. base fuel cost increase effective August 1, 2007, but states that it corrected the error and properly billed its customers for the under-collection pursuant to a plan approved by the Commission in December 2007. Defendant denies the remainder of Complainant's claims and asks that the Commission dismiss the complaint "because it has no validity whatsoever and is a needless waste of the resources of the Commission and [Shelby Energy]."

The Commission finds that Complainant should file, within 20 days of the date of this Order, a written response to Defendant's motion to dismiss, addressing the issues raised therein. The Commission further finds that Shelby Energy may file its reply, if any, no later than 10 days thereafter.

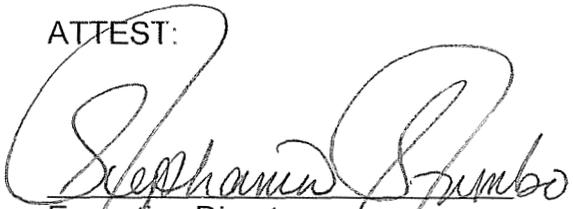
IT IS THEREFORE ORDERED that:

1. Within 20 days of the date of this Order, Complainant shall submit a written response to Defendant's motion to dismiss.
2. Any reply to the response shall be filed by Shelby Energy no later than 10 days thereafter.

Done at Frankfort, Kentucky, this 17th day of September, 2008.

By the Commission

ATTEST:


Executive Director

Case No. 2008-00277